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## DIRECTORATE OF INTELLIGENCE

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## Poland: National Reconciliation Remains an Elusive Goal

Party leader Jaruzelski has pursued two contradictory goals over the past five years. He has sought to regain control over the opposition while also seeking ways to create the popular acceptance needed to help bring Poland's economy out of its current morass. Although Jaruzelski is skeptical about the Party's ability to rule effectively, there is little doubt that he firmly believes political power must remain concentrated in the regime's hands. The Polish Communist rulers and their patrons in Moscow also remember the Solidarity era and what can happen if they start making significant political compromises to keep domestic tranquility. For these reasons, Jaruzelski may tolerate some diversity, but he is not likely to recognize defacto autonomous groups as legitimate partners with the ruling authorities in solving Poland's problems.

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This memorandum was prepared by [redacted] East European Division, Office of European Analysis. It was requested by Mr. Robert Rackmales, Director, Office of Human Rights, Bureau of Human Rights and Humanitarian Affairs, Department of State and Mr. Barry Lowenkron, Policy Planning Staff, Department of State. Comments and questions are welcome and should be addressed to [redacted] Acting Chief, East European Division [redacted].

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Jaruzelski has had significant but by no means complete success in dividing and weakening the opposition. Most importantly, he has convinced leaders of Solidarity as well as workers in factories that they would lose in an open confrontation with the regime's well-trained security forces. Nevertheless, there is an extensive underground press numbering more than 500 publications and numerous social, cultural, and educational activities outside the government's control. Because the opposition was never fully routed, as it was in Hungary after 1956, the Poles have been more suspicious than the Hungarians were of "conciliatory" gestures offered by the regime.

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### Jaruzelski's Strategy

Jaruzelski has proceeded at his own pace. Encouraged by the limited resistance to martial law, he moved relatively quickly first to suspend and then to remove it. In the process, however, he put on the books new legal powers for the government which in many ways duplicate those the government had under martial law. Indeed, these provisions afford the regime better means to head off future crises. Some top Polish officials now believe that at times they may have moved too quickly. Party secretary Jozef Czyrek recently told a US official that the extensive amnesty in the summer of 1984 may have been a mistake because the released political prisoners quickly returned to the fray. The generally tougher actions against dissent, including numerous arrests, that followed over the next two years were also conditioned by the need to mollify the security service in the aftermath of the trial of security officers for the murder of Father Popieluszko, to win the confidence of the new Soviet first secretary Gorbachev, and to consolidate Jaruzelski's position in the run-up to the Polish party congress in the summer of 1986.

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Following that congress, at which he strengthened his own position in the party and with Gorbachev, Jaruzelski once again sought to move forward quickly to pursue what government officials call "national reconciliation" and to effect the removal of Western, primarily US, economic sanctions. In a dramatic move he released nearly all political prisoners and created expectations within the Church and underground that he might be prepared to make other compromises. Such optimism has accompanied previous conciliatory gestures by the regime. Most attention has focused on Jaruzelski's proposal for a Consultative Council that would advise him as head of the Council of State. The initial proposal made by Jaruzelski at the Party Congress in late June was vague about the rights or powers of such a council.

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That ambiguity has persisted with regime spokesmen promising to have all such details ironed out after establishment of the Council. [redacted]

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### Church, Opposition Response

The regime's vagueness about the Council's roles has troubled most independents, some of whom want such a Council to have a veto power over government plans and actions while others just seek assurances that the Council's deliberations will be published in an uncensored form. Most are not prepared to participate solely on the basis of governments promises. The social stigma of being seen as collaborating with the regime is very high, and many fear that the Council will turn out to be an empty gesture. [redacted]

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The cautious optimism initially felt by some in the Church and opposition that the Council might be a "first step" has waned in the wake of the regime's footdragging. [redacted]

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[redacted] senior Church leaders, [redacted] have come to believe that the Council probably will have little real impact on the government's policies. They also believe that the government has packed the Council with sufficient loyalists who would be able to dominate the proceedings. [redacted]

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[redacted] The skepticism about the Council was more quickly and deeply felt by Walesa and other Solidarity leaders who were in agreement that without Solidarity representatives, the Council would not be of any significance. [redacted]

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The first session of the Council was held on 6 December, and many prominent independents who had been approached by the regime did not show up. Nevertheless, several well-known critics have joined the Council apparently persuaded by the belief that even limited opportunities must be explored. At his regularly scheduled press conference on 9 December, press spokesman Urban seemed to confirm the skeptics' fears. He emphasized that the Council would work toward consensus and gave no indication that there would be full public disclosure of Council proceedings. [redacted]

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At best, the Council could become an advisory body capable of laying out before Jaruzelski alternate critical assessments on

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key issues. And, as such, it would become another unique Polish institution because of its inclusion of some independent voices. At worst, it could become yet another, mostly ceremonial, body meeting infrequently to carry on esoteric discussions that delight Polish intellectuals. In any case, Jaruzelski is free to accept or reject any advice and will seek to use the Council's discussions in his maneuvering to implement his own political agenda.

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Some intellectuals, including such key individuals in the Solidarity movement as Adam Michnik, have speculated that Jaruzelski could be more flexible if he chose to be. But even they probably do not believe that the party leader would, in fact, seriously seek to break new ground. On some tactical issues that do not affect the regime's control, the authorities have displayed impressive finesse. But on issues that touch the core of who is to rule Poland, Jaruzelski is no more inclined to compromise than other leaders in Eastern Europe. The Solidarity era will long haunt the Polish Communists as an example of what can happen if they start making significant political compromises to ensure domestic tranquility.

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#### Alternatives Used Up

In its search for reconciliation, the regime has now used up a number of options. The positive psychological impact created by the most recent amnesty (the fourth since martial law) is wearing off. For another amnesty, the regime would have to re-arrest a number of senior opposition leaders which is hardly the way to go about winning popular approval.

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It is also unlikely that the government would float anytime soon the idea of another council. If it cannot make the current one work as a symbol of reconciliation, given the initial hopes, other efforts along the same lines are not likely to be more effective.

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The one option that probably would succeed in creating toleration if not trust -- a higher standard of living -- is not likely to materialize. The reason behind the regime's search for reconciliation is that it needs society's patience for the implementation of economic reforms and austerity measures. Lacking confidence in the regime's policies, Polish workers simply are not willing to work harder for little immediate gain. Even if independent Polish intellectuals get their way with a Consultative Council that can freely debate issues, this probably will do little to placate workers. The sources of Poland's

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political and economic problems have been widely discussed. What is missing are concrete, politically acceptable solutions that will bring results. Workers know that debates won't put meat on the table. [redacted]

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### The Economy: Difficult Choices

The Jaruzelski regime has not come to grips with Poland's intractable economic problems. Gross National Product remains below the 1979 peak level, living standards are still depressed, and Poland's hard currency debt continues to grow. [redacted]

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Poland's economic problems are the focal issue in the national debate. The Jaruzelski regime is unable to secure improved economic performance without popular support for its programs, yet popular support will prove elusive without first some improvements in living conditions. Solidarity bases its continued existence on the failure of the regime to solve Poland's economic crisis or to expand workers' rights. The regime, Polish workers, and opposition leaders have different perspectives on the problem, so a consensus on solutions will be hard to find. [redacted]

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The regime's primary goal is to maintain party control over society while trying to solve Poland's current problems in a way that will break the cycle of economic crisis and popular unrest. Because of its fear of renewed worker unrest, the regime appears reluctant to go through with the unpopular measures necessary to balance the economy and rationalize resource allocation. For example, real incomes and imports of Western consumer goods continue to increase. Warsaw also has stated that it will not allow living standards to decline to service its hard currency debt. [redacted]

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Regional differences compound the normal welter of bureaucratic claims on scarce resources. For Jaruzelski, this means it is exceedingly difficult to develop a coherent economic strategy. Once plans have been formulated, they are subject to numerous pressure points where they can be effectively derailed. The economic reforms introduced in 1981, for example, have been watered down, and are obstructed by party and government bureaucrats who fear loss of their authority and perquisites. Warsaw has also backed away from the reform program in the area of workers rights. [redacted]

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The opposition has made economic reform the most important plank of its platform. Solidarity probably would lend its

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backing to wage controls and price reforms aimed at balancing supply and demand on domestic markets only if the regime made significant concessions in the area of workers rights. Specifically, the opposition seeks the right to reestablish independent trade unions and give workers greater input in management. The new trade unions that were created after the delegalization of Solidarity in 1982 are occasionally outspoken on issues sensitive to workers and seemingly cause the authorities some problems. However, the unions are not seen by workers as genuine representatives of their views. Without some guarantee of union pluralism -- which we do not expect -- Solidarity will continue to be critical of the reforms and cite any austerity measures as further evidence of the regime's inability to manage the economy.

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The reform program has not gained acceptance among workers. They resist change because they equate reform with wage controls, price hikes, and possible unemployment. Significant gains in productivity and support for economic change will remain elusive unless workers gain a greater say in national political decisions and enterprise management.

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#### Implications of Stalemate

It is widely assumed inside and outside of Poland that it is only a matter of time until Polish workers once again take to the streets in defiance of the regime. We believe it highly unlikely that Polish workers will quietly put up with a long-term decline in their standard of living or suffer, on a short-term basis, the kinds of deprivation that Romanian workers are now forced to endure. But we do not yet sense a dramatic increase in disgruntlement that would indicate a near-term crisis.

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- o The Solidarity leadership under Walesa is neither willing nor able to rally workers around a common cause. Although they disagree on some tactics, the moderates around Walesa and the radicals around Bujak do not believe that they could win in an outright confrontation with the regime.
- o Open activism in the factories still appears to be on the decline. The regime's demonstration that it is willing to use force has had a chilling effect on enthusiasm for open confrontation.

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If a crisis does erupt it will most likely start as a result of spontaneous worker reaction to an ill-considered regime policy.

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- o With the lessons learned from the Solidarity era -- and several years of on-the-job training of the security services -- the government will try not to show weakness or indecision and will move swiftly to put down worker disturbances.

- o The primary danger to the regime is if the unrest is sufficiently widespread to spread the security forces too thin. This did not happen on the imposition of martial law and has not come even close to happening since then.

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Whatever the source of future trouble we believe that finding a peaceful resolution will be difficult and that there is likely to be more bloodshed than during previous crises. Workers learned as a result of martial law that they cannot trust the regime and the authorities learned that it must be tough. Thus, neither side will look to negotiated settlements.

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Although the mainline Solidarity groups generally pursue a non-provocative course, there are certain fringe elements which have the regime worried. The relatively new Freedom and Peace organization has attracted increasing support from alienated youth with its opposition to military service. This, or a similar group, is more likely to react vigorously to events and could act as a catalyst for a larger confrontation.

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Barring the worst, we expect over the next several years to see a continuation of the three cornered contest between the regime, Church and opposition in which the authorities hold most of the cards. Tensions may increase, however, as problems mount. Solidarity will remain a highly fragmented movement, preserving its underground operations and stymied in its efforts to create above ground structures. The authorities will continue trying to whittle away at the underground but will avoid large scale arrests of leaders as long as they remain relatively inactive. The authorities are now using fines and other forms of harassment instead of imprisonment. Some in the opposition are likely to chafe but the regime is ready to create "martyrs" to keep the lid on opposition activity.

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Tensions in Church-State relations, which have been on an upswing over the past several years, will probably abate in the run-up to the Papal visit in June 1987. That visit -- the third by the Pope to his native country -- will attract millions and arouse deep emotions but is unlikely to affect the course of Polish developments. Afterwards, the authorities may even feel

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compelled to step up the pressure on the Church to demonstrate who is the real boss. We do not expect any sharp turn in relations, however. Any demonstrable crackdown on the Church would very quickly escalate tensions to a scale that the regime could not control. For its part, the Church will continue its efforts to prevent an eruption of social tension. [ ]

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On the economic front over the next few years, Poland's limited resources must be divided between financing badly-needed industrial modernization, satisfying pent-up consumer demand, servicing hard and soft currency debt, and funding spiralling demand for social services. The current regime is unlikely to allow a greater role for market forces in the economy or to permit the creation of independent unions, suggesting that the prospects for a reform-driven recovery are slight. [ ]

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A more likely scenario for the Polish economy is one of "muddling through" -- which appears to be the pattern of the last three years. The regime is likely to continue to pay lip service to economic reform but to implement only marginal changes. Living standards will continue to stagnate, Poland's hard currency debt will continue to grow, and key Polish industries such as shipbuilding and steel will become more outmoded and less competitive leading to gradually closer integration with the USSR. Without some improvement in such basic measures of living standards as food and consumer goods supplies, housing, and health care, worker frustrations will increase, heightening the possibility of renewed unrest. [ ]

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Poland is also unlikely to reap immediate gains from the anticipated repeal of US economic sanctions. The Poles most likely do not expect Washington to resume past lending levels and Poland's poor creditworthiness will prevent a rapid renewal of commercial bank loans. Poland also is unlikely to reap immediate benefits from the restoration of MFN because some Polish products have lost markets in the US while poor quality makes many products uncompetitive here. On the other hand, the financial squeeze will prevent a quick rebound in US exports to Poland. Warsaw may believe that the most immediate economic gains will be indirect and will provide the catalyst for improved economic relations with West European governments and commercial lenders as well as a way to gain more favorable IMF consideration of Polish loan requests. [ ]

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Moscow Stands By

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[redacted] The Soviets seem relatively pleased with Jaruzelski. They know they can count on him to support Soviet foreign policy initiatives and approve of his success in reestablishing control. They are keeping a watchful eye but as long as his efforts are successful they are willing to give him a good deal of latitude in working out his problems. [redacted]

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[redacted] Moscow may question some of the Polish party leader's tinkering with political institutions, such as the Consultative Council. [redacted]

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[redacted] The USSR will seek to reduce its economic support for Poland over the next few years, but in a crunch we believe that Soviet concern for Polish stability will override economic considerations. Moscow will probably press the Jaruzelski regime to improve economic efficiency, quality, and cooperation with Soviet enterprises, but would discourage any reform measures that entailed free play for market forces or political liberalization. [redacted]

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